Provider Education Frequently Asked Questions

General Payment Error Rate Measurement (PERM) Questions

---

1. **Where can providers find information about PERM?**

   The Payment Error Rate Measurement (PERM) program is designed to comply with the Improper Payments Information Act of 2002 (IPIA), Public Law 107-300, by measuring improper payments in Medicaid and Children's Health Insurance Program (CHIP). The CMS website provides additional program information and can be found at the following link: http://www.cms.hhs.gov/PERM.

2. **How many times can a provider anticipate being audited by PERM?**

   CMS uses a 17-State rotation for PERM. Each State and the District of Columbia is reviewed once every three years. By reviewing only a selection of States rather than all States every year, CMS projected to reduce the likelihood of a provider being selected more than once, per program per year to provide supporting documentation.

3. **How will a provider know if they are a part of a PERM audit?**

   The CMS PERM contractor will request the medical records directly from providers to support the medical reviews of fee-for-service (FFS) claims. Providers may also be contacted by a representative from their State's Medicaid or CHIP agency informing them of their selection for review under PERM.

PERM Contractors

---

4. **Will a provider be in violation of the Health Insurance Portability and Accountability Act (HIPAA) if they submit medical records to a CMS PERM Federal Contractor?**

   The collection and review of protected health information contained in medical records for payment review purposes is authorized by the Department of Health and Human Services (HHS) regulations at 45 C.F.R. 164.512(d), as a disclosure authorized to carry out health oversight activities, pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA); CMS PERM contractor activities are performed under this regulation.

5. **Why were my claims selected for review by a Federal contractor and not the State that usually handles my claims processing**?

   PERM was developed in response to the IPIA. Recent laws such as the IPIA are intended to improve fiscal oversight, to identify fraud and abuse, and to protect taxpayer dollars.

Provider Education Frequently Asked Questions

Section 1902(a)(27) of the Social Security Act and 42 CFR 457.950 give CMS authority to require providers to submit information regarding payments and claims as requested by the Secretary, State agency, or both. CMS contracts with outside entities that assist with collecting and reviewing claims on behalf of CMS. Under the authority of these statutory provisions, those States selected for review in any given year for the Medicaid or CHIP improper payments measurement are to provide the CMS PERM contractors with information needed to conduct medical and data processing reviews on FFS claims and data processing reviews on managed care payments. It is necessary to view the actual medical records pertaining to the particular FFS claim.

Medical Records

6. **Is it possible to include all the member names of medical record requests on one fax as opposed to receiving multiple faxes?**

   In an effort to maintain patient confidentiality and adhere to HIPAA regulations, each medical record request will be received separately.

7. **Does my State contact know when a medical record request has been sent to my office?**

   Yes, your State contact is notified when a medical record request has been sent to your office. Your State contact is also notified when documentation is sent into CMS or has not been received.

8. **What happens if I do not comply with the Federal contractor and submit the requested records?**

   If you do not submit the requested medical record within the 60 days timeframe it will be considered an error. This is because there is no evidence to adequately determine whether the services were provided, were medically necessary and were properly coded and paid. Claims found in error will impact the projected error rate for that year and the overpayments will be collected from your State to return to the Federal government. In turn, your State may recover this overpayment from you as the provider.

9. **Why must I use the face sheet sent with the request for medical records?**

   The bar-coded cover sheet contains a control number that corresponds to each Claim Summary. By including all relevant documents listed on each bar-coded cover sheet, claim processing can be expedited without delays.

Provider Education Frequently Asked Questions

10. What can I do if I have a limited amount of staff available to collect medical records?

CMS understands the limited resources that States and providers may have to respond to PERM-related requests. The CMS PERM contractors are willing to work with providers to pinpoint the exact documentation needed and are available to provide suggestions on how these records can be easily obtained.

11. What can I do in the event that I have a delayed mailing system and do not have access to a fax machine? Is there an alternative to faxing in medical records?

The CMS contractors will be contacting each provider by phone in order to verify that the recipient was seen and that you are the provider who has the documentation before sending out the medical record request. At that time you can inform the contractors of the delayed mailing system and that you have no access to a fax machine and they will make sure your request letter is mailed out in advance in order to allow you the complete 60 days to respond. You also can make arrangements to deliver the medical records in person to your State PERM contact.

12. If a provider receives a medical record request letter and is not the provider who has the medical records to support the claim, who should be notified?

CMS contractors will contact the provider by phone to verify that the recipient was seen by them and determine who has the medical record before mailing or faxing the request letter. If you are not the provider, please call the phone number listed on the request letter immediately for additional assistance

13. Who can a provider contact if they have questions about a medical records request; including questions on the terminology used in some of the communications from the CMS contractors?

CMS contractors work closely with each State to insure which provider (whether it is billing or performing) is most likely to have the documentation that supports the claim. CMS contractors provide a cover sheet with the letter based on the service type of the claim. If you need clarification on the terminology, please contact the person on the bottom of the letter.

Medical Documentation

---

14. What is the process for reviewing the medical documentation submitted to the CMS Federal contractor?

Provider Education Frequently Asked Questions

The CMS Review Contractor (RC) examines the medical record to ensure there is documentation that supports medical necessity and to verify coding accuracy. If the record does not contain sufficient documentation, the RC notifies the CMS Documentation Database Contractor (DDC) that additional documentation is needed. The provider has a new timeframe of 15 days to provide the missing documentation. Once the reviews are completed, the findings are posted to the RC secure website, which can be reviewed by the individual.

15. How do providers know what documentation to submit into CMS/contractors?

CMS Federal Contractors will send the provider bar-coded cover letter containing a control number that corresponds to each Claim Summary along with another letter detailing what to submit to support payment of the claim undergoing medical review. The letter will also have information on who to contact if you have questions. Providers can also go to our website at http://www.cms.hhs.gov/PERM and click on the fiscal year cycle year (i.e. FY 2008) for the contractors contact information, roles and responsibilities during the measurement cycle

---

PERM Provider Education

---

16. What types of educational materials exist that I can use to train my staff on the PERM program? How would education about PERM be helpful to me?

Presently, CMS is reviewing PERM education recommendations. Please visit the PERM site at http://www.cms.hhs.gov/PERM for updates. CMS encourages providers to partner with their State PERM Representatives for all PERM needs.

17. How can a provider determine if their State has any PERM education opportunities available?

PERM education opportunities vary by State and it is important to note that all States do not have PERM education opportunities available on a regular basis. Providers should contact their State Medicaid Website or the PERM contact person within the State they practice. If you are unsure of is the appropriate contact person you can contact CMS at permprovidered@cms.hhs.gov.

Additional Provider Education Questions

---

18. What are Medicaid and CHIP overpayments?

Provider Education Frequently Asked Questions

An overpayment occurs when a provider receives a Medicaid or CHIP payment from the State for a claim filed on a person who is not entitled to benefits or the amount is more than what should have been paid.

19. What should a provider do if they no longer own the practice?

If a provider no longer owns the practice associated with the requested medical record, they should contact:

Robin Lynn Reed, RHIA
PERM DDC Medical Record Manager
Livanta LLC
Phone: 301-957-2317
Fax: 240-568-6063
e-mail: rreed@livanta.com

20. How do improper payment errors cited affect me as a provider?

Your State is responsible for collecting overpayments from you, if applicable, and returning them to the Federal government. Providers should contact their State for specific guidance regarding recoveries.

21. How am I affected by the PERM error rate in the State in which I practice?

All claims found in error will impact the projected error rate for that year and the overpayments will be collected from your State and returned to the Federal government.